



NEWSLETTER

No 29

Jan 2003

ISSN: 1560-0943

www.eaepo.org

Special points of interest:

- Geoff's list
- Book reviews
- Conference calls
- Research area reports
- Winner of the 2002 Herbert Simon young scholar

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EAEPE 2003 Conference:

The Information Society

- Understanding Its Institutions Interdisciplinary November 7-10, 2003, Maastricht, the Netherlands

In the emerging Information Society intangibles are key factors in shaping the economic dynamic. These intangibles such as knowledge or social relations and the institutions that create and sustain them, therefore become center stage in analysis of the economy. Now that, for instance, interactions can take place between parties who are not (geographically nor temporary) proximate, social and economic interactions between both humans and organizations undergo a process of change. The Internet is crucial in facilitating, shaping and sustaining these interactions, but implications for economic and social interactions go beyond what the Internet triggered in ways we are still trying to understand. Insights from technology studies and history (of technology) highlight the contingent nature of many technological innovations, and the important role played by the 'social' and institutions. This emphasizes the need for an interdisciplinary understanding of the Information Society.

Institutions, however, not only restrict development of and behavior in the Information Society but rather institutions are the sine qua non for the Information Society to function. Institutions of the formal kind, for instance intellectual property rights and technical standards, play an important role in the information society but so do institutions of the informal kind in promoting conventions in communication and communities. Economic and societal environments change; interactions on a micro level are affected. The kinds of issues that emerge are wide ranging. For instance, how do organizations behave in an Information Society?

How does the geography of an Information Society change, and how does that affect actors? Is the creation of knowledge and new technologies in an Information Society different from a Fordist society, if so how? Do the dynamics of certain sectors of the economy – such as the financial sector – change, again if so how? Are some economies more affected than others? What are the implications for less developed regions and countries; can they hope to catch up? Likewise, will excluded groups fall further behind? Or will an 'e-society' be an inclusive one?

This conference aims to analyze the institutions of the information society and welcomes scholars from all social sciences with an interest in understanding the economic significance, broadly conceived, of the information society.

This theme will be discussed in both the plenary sessions and a number of parallel sessions. We urge people to send in abstracts related to the theme of the conference but abstracts that do not directly relate to this year's theme are also welcome. Research Areas Coordinators are encouraged to propose sessions for the conference, but others may also propose sessions. In addition to the submission of abstracts, therefore, proposals for complete sessions are encouraged.

The conference will be held at the Faculty of Economics and Business Administration & MERIT / Infonomics, University of Maastricht, Tongersestraat 53, Maastricht, the Netherlands.

Luc Soete & Wilfred Dolfsma,
Local organizers

Conference Details

Submission of papers

Submission of Proposals:

Participants may submit proposals for papers or sessions and indicate to which research area the proposal belongs or is closest to (see www.eaepe.org or the newsletter).

For papers, send in a 600-1000 word abstract to groenewegen@few.eur.nl by **March 28 of 2003**. For sessions, accompany the abstracts of the separate papers with a short description of how the session coheres together.

You must register for the conference upon acceptance of your abstract for the programme.

A final version of accepted papers will be requested by August 31 of 2003, in order for papers

to be included in the proceedings, published on CD-Rom.

See www.eaepe.infonomics.nl for information concerning the conference.

For questions concerning the sessions please contact John Groenewegen, programme organizer, at: groenewegen@few.eur.nl ; for other questions w. Dolfsma@fbk.eur.nl

Please note that you have to be an EAEPE member in order to attend the Conference. Payment should be made in Euros by credit card (provide number and expiry date) or bank transfer to Albert Jolink. If you do not have the 2003 conference booking form or the 2003 EAEPE membership form, please download it from www.eaepe.org.

EAEPE Subscription Rates

	Euros	
Life Membership	300	
Ordinary Rate (for those with a gross personal income of more than Euro 45.000 per annum).	60	per annum
Reduced Rate (for those with a gross personal income between Euro 25.000 and Euro 45.000 per annum).	35	per annum
Special Rate (for those with a gross personal income between Euro 3000 and 25.000 per annum).	10	per annum
No Rate (for those with a gross personal income of Euro 3000 per annum or less, on receipt of a written, faxed or emailed application, the treasurer shall have the power to waive the membership fee).	0	per annum

You Can Pay by Credit Card!

Transactions across national currency boundaries are inconvenient, uncertain and costly. For the convenience of EAEPE members, payments may be made by MasterCard/Visa/Eurocard. Simply telephone (31)10 4082753 Fax: (31)10 4089638 Email: abartels@fbk.eur.nl with your card number and expiry date and for mastercard the validation code—the last three numbers on the signature strip. Alternatively, you can notify the EAEPE office in Rotterdam by post with the same information.

2003 Herbert Simon Young Scholar Prize

The **Herbert Simon Young Scholar Prize** is awarded annually to the best conference paper by a young scholar and will carry an amount of 1000 Euros, funded by EAEPE. The rules for the competition:

1. No applicant shall have reached his or her 35th birthday in the year of the prize award (those who are within 3 years after completion of his or her PhD may also be considered).
2. In the case of co-authored papers, ALL authors must be individually eligible.
3. Applicants must be fully paid-up EAEPE members by 1st September of the year of the competition.
4. All applicants must have the abstract of their paper accepted for the EAEPE Conference and they must submit the electronic version of their paper by the advertised due date for inclusion on the EAEPE web site.
5. Applicants must inform Stavros Ioannides, (email: stioan@panteion.gr) by the 15th of October that they wish to enter their conference paper for the **Herbert Simon Young Scholars Award**. Their date of birth should be clearly stated.
6. Applicants must attend and present their paper at the EAEPE Conference for that year.

2004 Kapp and Myrdal Prize Competitions

Entries for the 2004 Kapp and Myrdal competitions are now welcome, with a closing date of 1st of January 2004:

K. William Kapp Prize

Amount: ? 2000 (half funded by the William Kapp foundation).

Awarded annually for the best article on a theme broadly in accord with the EAEPE Theoretical Perspectives (minimum 5,000, maximum 12,000 words). Submissions for the 2003 prize should be either unpublished, or published no earlier than 1 January 2001.

Gunnar Myrdal Prize

Amount: ? 2000 (all funded by EAEPE)

Awarded annually for the best monograph (i.e. a book, and excluding multi-authored collections of essays) on a theme broadly in accord with the EAEPE Theoretical Perspectives. Submissions for the 2004 Myrdal prize should be either unpublished, or published no earlier than 1 January 2001.

Entries must be received by the EAEPE Prize Competition Co-ordinator by the strict deadline of 1st January 2004. Entries should be sent to the EAEPE

Prize Competition Co-ordinator Stavros Ioannides, Panteion University, 136 Syngrou Av, 176 71 Athens, Greece, Tel (301) 9201866, Fax (301) 9223690, Email: stioan@panteion.gr.

Please send your prize entries to Stavros Ioannides, and not to the EAEPE General Secretary. If your entry is sent to the wrong address, delay will result and you may miss the 1 January deadline for the prize. EAEPE will not be held responsible for prize submissions that are dispatched to the wrong address. Five non-returnable copies should be submitted for the Kapp Prize and four non-returnable entries for the Myrdal Prize. Awards of the 2004 prizes will be made at the 2004 EAEPE Conference.

Winners of the Kapp and Gunnar Myrdal prizes will each receive ? 2000

All candidates must be paid-up 2004 members of EAEPE. It is planned that the Council will judge both prizes by April 2004. The Kapp Foundation will assist in the judging of the Kapp Prize. Any member of the EAEPE Council or trustee of the Foundation for European Economic Development serving at any time from 1 January 2003 to 1 July 2004 inclusive shall be ineligible to enter. The EAEPE Council reserves the right not to award a prize if the entries are below the required quality.

EAEPE Council

The main EAEPE administration is located at CHIMES (Erasmus Center for History in Management and Economics), Erasmus University Rotterdam, Rotterdam School of Management, P.O. Box 1738, 3000 DR ROTTERDAM, The Netherlands, Tel.: 00 31 10 4082753, Fax: 00 31 10 4089638

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EAEPE Scientific Committee

The Scientific Committee helps plan the programme and selects the papers for the 2003 conference. The 2003 Scientific Committee are: John Groenewegen (chair), Elodie Bertrand, Charlie Dannreuther, Wilfred Dolfsma, John Finch, Geoff Hodgson and Peter Howells

EAEPE and the Internet

The EAEPE home page is : www.eaepe.org. In addition, it is important that Annette Bartels, the EAEPE administrator, is informed of your current email address, in order to send out current information etc. Please inform her on : abartels@fbk.eur.nl.

CALL FOR PAPERS

The International Confederation of Associations for Pluralism in Economics is delighted to announce their first conference in Kansas City, June 5-7, 2003.

THE FUTURE OF HETERODOX ECONOMICS

5 - 7 June 2003

University of Missouri at Kansas City, USA

This conference will afford unique opportunities for dialogue among diverse schools of thought and across intellectual generations: among our "elders" (senior scholars who have inspired the revival of heterodox economics over the past 20-30 years), our "youth" (innovative younger scholars, including those associated with the Post-Autistic Economics movement and the authors of the open letters issued recently from Cambridge University and the AFEE Summer School), and many others in between. In all, the purpose of this conference is to create new resources - energy, ideas, debates, alliances, and projects - for the future of heterodox economics, and indeed of economics itself, internationally.

We seek proposals offering fresh perspectives on heterodox economic theory, economic policy, and economic pedagogy at the graduate and undergraduate levels. We especially encourage efforts to integrate heretofore separate strands of thought, including (but not limited to) Austrian Economics, Black Political Economy, Evolutionary Economics, Feminist Economics, Georgist Economics, Historical Economics, Institutionalism, Marxism, Post Keynesian Economics, Postmodern Economics, Postcolonial Economics, Social Economics, and Sraffian Economics.

Please send proposals to Rob Garnett, Department of Economics, Box 298510, Texas Christian University, Fort Worth, TX 76129, or to r.garnett@tcu.edu. Each proposal must include:

- paper title and 250-word abstract
- author's name and mailing address
- author's ICAPE affiliation, if any

Proposal deadline: October 1, 2002

Notification date: November 15, 2002

The conference fee is \$120 (including lunches, tea/coffee/juice, and a conference dinner) and is payable upon acceptance of your proposal. No fee is required to submit a proposal.

For other call for papers go to www.eaepe.org

5th ANNUAL CONFERENCE OF THE ASSOCIATION OF HETERODOX ECONOMICS

8-9 JULY 2003 Nottingham Trent University, UK

Building on the success of previous conferences, this year the AHE conference returns to Nottingham, location of its inaugural meeting. All economists are encouraged to come together and hear a diversity of papers on topics not well represented in mainstream economics. Papers from a plurality of perspectives and topic areas are encouraged. Please send an abstract of up to 500 words for your proposed paper (one per person) to:

Association of Heterodox Economics
c/o Veronica Forster, Department of Economics and Politics, Nottingham Trent University, Burton Street, Nottingham, NG1 4BU, UNITED KINGDOM

Or email: Veronica.Forster@ntu.ac.uk as the initial point of contact

Deadline for submission: 1st March 2003

Further details: see the AHE web-site hetecon.com

CALL FOR CHAPTERS

Law & Economics: Alternative Approaches to Legal and Regulatory Issues

edited by: Margaret Oppenheimer and Nicholas Mercurio

Please consider submitting a paper to be published as a chapter in the above titled book.

SCOPE OF THE BOOK

Many legal-economic scholars talk about "the economic approach to law." Currently, what is called, "the economic approach to law" applies neoclassical economics (mostly microeconomics and welfare economics) to a wide range of legal and regulatory issues. The various contributions to this book, will describe how alternative economic approaches can also be applied to legal and / or regulatory issues - sometimes leading to very different conclusions and legal outcomes. Each chapter should i) examine one or more alternative economic approaches, and ii) apply these to some aspect of the law. Applications may be made to any area of the law - to court decisions, regulation and/or government intervention in specific markets. Chapters may come from one or more of the several alternative approaches concerned with the interface of law and economics, including institutional / evolutionary economics, new-institutional economics, behavioral and social economics, feminist economics, radical economics and others.

A prospectus for your suggested chapter should be submitted as soon as possible to:

Maggie Oppenheimer, Professor of Economics, DePaul University, 1 East Jackson Blvd. Chicago, IL 60604, mop-penhe@depaul.edu, (312) 362-8651 (phone), (312) 362-5452 (fax).

Geoff's List #4: Autumn 2002

Prepared for the European Association for Evolutionary Political Economy by
Geoff Hodgson

I have been asked by the EAEPE Council to provide a regular summary of some of the more important recent publications that I have come across in my reading. Again emphasising the incompleteness and other imperfections of this listing, the fourth instalment is presented below. I have here confined myself to works published in 2001 or later. No works with an earlier date of publication will be discussed in this or subsequent lists. In addition, essays in EAEPE publications will not be discussed here, on the grounds that they are already promoted under the EAEPE imprint.

Suggestions are also welcome concerning other recent works, published in 2001 or later, to be included in future lists. Hard copies of books or articles for possible review can be sent to:

Geoff Hodgson, Malting House, 1 Burton End, West Wickham, Cambridge, CB1 6SD, UK.

Unfortunately, this column cannot review all books or articles read or received.

THEORETICAL FRONTIERS

- Aoki, Masahiko (2001) *Toward a Comparative Institutional Analysis* (Cambridge, MA: MIT Press).
- Bergstrom, Theodore C. (2002) 'Evolution of Social Behavior: Individual and Group Selection', *Journal of Economic Perspectives*, 16(2), Spring, pp. 67-88.
- Dequech, David (2001) 'Bounded Rationality, Institutions, and Uncertainty', *Journal of Economic Issues*, 35(4), December, pp. 911-29.
- Nelson, Richard R. and Winter, Sidney G. (2002) 'Evolutionary Theorizing in Economics', *Journal of Economic Perspectives*, 16(2), Spring, pp. 23-46.
- Mantzavinos, Chris (2001) *Individuals, Institutions and Markets* (Cambridge and New York: Cambridge University Press).
- Schultz, Walter J. (2001) *The Moral Conditions of Economic Efficiency* (Cambridge and New York: Cambridge University Press).

Aoki (2001) is one of the most important books to come of the tradition of 'new' institutional economics and is in a number of respects a significant advance on other volumes in this genre. In particular, Aoki abandons the conventional 'new' institutionalist attempt to explain institutions from individuals and their interactions alone. He brings the insti-

tutional legacy of history into the picture. The analysis is precise and innovative.

Dequech (2001) is a useful overview of the relationship between bounded rationality, uncertainty and institutional structures. It makes important connections between the institutionalist, behaviouralist and Post Keynesian literatures. Nelson and Winter (2002) is published 20 years after their classic work. It provides a useful update of their theoretical ideas and points to much substantial work accomplished by evolutionary and institutional economists in that period.

Mantzavinos (2001) starts with a homage to a vague 'methodological individualism' that amounts to little more than 'social analysis should involve the intentions of individuals'. He then goes on to tacitly undercut the stronger versions of methodological individualism that we find in the literature ('all social analysis should involve the intentions of individuals only') by showing the additional importance of social structure. Although this undermines his initial methodological posture, by making it unnecessary at best, the book makes an important contribution to our understanding of the interaction of institutions and individuals. Chapter 8, for example, makes a strong case that a state structure is necessary to sustain property and trade. (Mantzavinos does not refer to Itai Sened's (1997) *The Political Institution of Private Property*, which makes a very similar argument.)

Those interested in group selection and its relevance to the study of altruism and social evolution would usefully consult Bergstrom (2002). He offers a formal analysis and some discussion of the recent group selection literature.

Schultz (2001) rigorously addresses one of the most important and enduring questions in economics and social theory. In the eighteenth century, Bernard Mandeville, Adam Smith and others suggested that when individuals pursue their own aims and interests in a market economy, then the outcome would be to the benefit of all. Accordingly, individual selfishness can have globally beneficial results. In the twentieth century, the first fundamental theorem of welfare economics was cast in a similar mould. In contrast, Schultz argues that Pareto-efficient equilibrium allocations within markets are not attainable without moral or normative constraints. The market is not a 'morally-free zone'. This is a very important book that deserves a wide readership.

TRANSITIONAL ECONOMIES

- Ibrahim, Gamal and Galt, Vaughan (2002) 'By-Bye Central Planning, Hello Market Hiccups: Institutional Transition in Romania', *Cambridge Journal of Economics*, **26** (1), January, pp. 105-18.
- Nolan, Peter (2002) 'China and the Global Business Revolution', *Cambridge Journal of Economics*, **26**(1), January, pp. 119-37.
- Roland, Gérard (2002) 'The Political Economy of Transition', *Journal of Economic Perspectives*, **16**(1), Winter, pp. 29-50.
- Rosenbaum, Eckehard F. (2001) 'Culture, Cognitive Models, and the Performance of Institutions in Transformation Countries', *Journal of Economic Issues*, **35**(4), December, pp. 889-909.
- Svejnar, Jan (2002) 'Transition Economies: Performance and Challenges', *Journal of Economic Perspectives*, **16** (1), Winter, pp. 3-28.

These five excellent articles address the former Eastern Bloc countries, and provide useful discussions of their transition towards a market economy in the 1990s. Svejnar (2002) shows that only Poland and Slovenia had significantly exceeded their 1989 GDP by the end of the 1990s. Hungary, Slovakia and the Czech Republic just about matched their 1989 GDP after 11 years. Other former Eastern Bloc countries were still well below their 1989 GDP levels as late as 2001, with Russia about 40 per cent lower and the Ukraine about 60 per cent lower. Nevertheless, all these countries had experienced some growth from the depths of depression in the mid-1990s. At best, the policies of transition that have been adopted by the majority of these countries show only limited and localised success.

The starting point of Rosenbaum (2001) is the enormous differences in economic performance among the transitional economies of Central and Eastern Europe in the 1990s. He asks how economic success may be contingent on different cultural, institutional and historical backgrounds. He sees culturally-moulded mental models and cognitive frameworks as central to the explanation and he provides some empirical evidence. This is a strong exemplar of a theme that is central to the old institutionalism.

Ibrahim and Galt (2002) address the economic institutions in Romania and argue that their development in the 1990s is better analysed from the perspective of the 'old' rather than the 'new' institutional economics, where greater emphasis is given to the role of the cultural, historical and political environment. On the basis of empirical data, Nolan (2002) questions whether large firms in China are efficient enough to compete effectively in the global business arena, especially as the country becomes more exposed to international competition.

More generally, Roland (2002) discusses the interaction between economic policy and political structure, summarising the latest thinking in the theory of economic transition policy. He too acknowledges the enormous differences in transition performance in the 1990s and brings matters of

political structure and uncertainty into the explanation of these differences. Roland's emphasis on the role of political institutions is also strongly institutionalist in flavour.

INSTITUTIONS AND ECONOMIC DEVELOPMENT

- Acemoglu, Daron, Johnson, Simon and Robinson, James A. (2001) 'The Colonial Origins of Comparative Development: An Empirical Investigation', *American Economic Review*, **91**(5), December, pp. 1369-1401.
- Chang, Ha-Joon (2002) *Kicking Away the Ladder: Development Strategy in Historical Perspective* (Anthem Press: London).

Acemoglu *et al.* (2001) propose an interesting theory concerning economic development. The authors provide data on higher mortality rates in colonies in tropical as compared to temperate zones. They further argue that different mortality rates affected the possibilities of, and attitudes to, institution building in those countries. In tropical colonies the emphasis was on the seizure of slaves or the extraction of raw materials. In temperate colonies there was greater settlement by Europeans and a relatively greater emphasis on building legal systems, securing property rights, and so on. Their argument is that the institutional deficit in tropical areas led to a divergence in paths of development that persists to this day. This interesting theory provides remarkable testimony for the importance of institutions in economic development and the historical persistence of institutions over time.

Chang (2002) is a brilliant critique of conventional wisdom on the preconditions of economic development. Redolent of the 1841 work of Friedrich List, Chang's central argument is that the developed countries themselves relied on state intervention and restrictions of trade in their early period of industrialisation. Now the leading industrialised countries preach free trade and minimal government intervention. Hence they 'kick away the ladder' for the less developed countries, by denying them access to the very policies that the leaders had used in the past.

METHODOLOGY AND THE HISTORY OF IDEAS

- Bernstein, Michael A. (2001) *A Perilous Progress: Economists and Public Purpose in Twentieth-Century America* (Princeton, NJ: Princeton University Press).
- Chick, Victoria and Dow, Sheila C. (2001) 'Formalism, Logic and Reality: A Keynesian Analysis', *Cambridge Journal of Economics*, **25**(6), November, pp. 705-21.
- Dequech, David (2002) 'The Demarcation Between the "Old" and the "New" Institutional Economics: Recent Complications', *Journal of Economic Issues*, **36**(2), June, pp. 565-72.
- Dow, Sheila C. (2002) *Economic Methodology: An Inquiry* (Oxford: Oxford University Press).

Hands, D. Wade (2001) *Reflection Without Rules: Economic Methodology and Contemporary Science Theory* (Cambridge: Cambridge University Press).

Lawson, Tony (2002) 'Should Economics Be an Evolutionary Science? Veblen's Concern and Philosophical Legacy', *Journal of Economic Issues*, 36(2), June, pp. 279-92.

Pieters, Rik and Baumgartner, Hans (2002) 'Who Talks to Whom? Intra- and Interdisciplinary Communication of Economics Journals', *Journal of Economic Literature*, 40(2), June, pp. 483-509.

Mirowski, Philip (2002) *Machine Dreams: Economics Becomes a Cyborg Science* (Cambridge and New York: Cambridge University Press).

The central argument of Chick and Dow (2001) is that formalism is not theory-neutral. In other words, the mathematical formalisation of theory typically changes its meaning, by imposing some closure conditions that are not present in the informal version. Dow (2002) provides an exceptionally clear, engaging and up-to-date textbook on the methodology of economics. If you teach the methodology of economics to undergraduates, then this should be the textbook that you recommend.

Hands (2001) is a breathtaking tour through the now-huge literature on the methodology of economics. He provides a clear and invaluable exposition of many important developments. Hands argument that economic methodologists must entirely abandon any prescriptive methodological rules will be challenged, but in any case this is a very useful and important volume. It is idea for a graduate course on methodology.

Lawson (2002) criticises interpretations of Veblen that see him as proposing an entirely culturally determined philosophical system, or as making the postmodernist assumption that no philosophical position can be deemed superior to any other. Instead, Lawson interprets Veblen's position as being more consistent with modern philosophical realism.

I agree with most of Dequech's (2002) well-informed argument that several 'new' institutional economists have taken on board questions of cognition and culture-individual interaction that were previously the concern of the 'old' institutionalists only. I draw the conclusion that the boundaries between the 'old' and 'new' institutionalism began to break down in the 1990s, but the distinction between the two schools was previously real, and has not entirely disappeared.

Bernstein (2001) and Mirowski (2002) both address the history of economic ideas in the twentieth century, focusing largely on developments in the United States. Both works consider how the interwar institutionalism of Veblen, Mitchell and Commons was sidelined by ascendant neoclassical theory after the 1940s. Both authors independently conclude that a major reason for this transformation was the Second World War, including the effects of military funding on economics research. Bernstein (2001) addresses further how economics became detached from matters of practical policy from the 1970s. Mirowski (2002)

explores a more idiosyncratic argument, proposing that economics has become a 'cyborg science'. This thesis is both unclear and controversial, but nevertheless Mirowski offers some very important insights, including the relationship between general equilibrium analysis and the socialist calculation debate, and the connections between the development of game theory and the Cold War. Both these volumes are highly recommended for anyone interested in the development of economics in the twentieth century.

Any attempt to reform economics should take account of Pieters and Baumgartner's (2002) rather depressing findings. Looking at inter-journal citation patterns in the mid-1990s they find citations to economics journals are heavily clustered around seven leading orthodox and generalist journals (*AER*, *JEP*, *JEL*, *Brookings Papers*, *JPE*, *QJE*, *REStat*). They found that 'economics builds only slightly on knowledge from its sister disciplines' (p. 504). Citations across disciplinary frontiers were relatively infrequent with, for example, no citations from economics to psychology journals, or vice versa, in the period and data under investigation. Generally, these citation patterns show how difficult it might be for heterodox economics to break out of its ghetto.

MANAGEMENT AND BUSINESS ECONOMICS

Bruce, Kyle and Nyland, Chris (2001) 'Scientific Management, Institutionalism, and Business Stabilization: 1903-1923', *Journal of Economic Issues*, 35(4), December, pp. 955-78.

Nooteboom, Bart (2002) *Trust: Forms, Foundations, Failures and Figures* (Cheltenham: Edward Elgar).

Kyle and Nyland (2001) is a very interesting and informative account of the relationship between some institutional economists and the Taylorist movement. It should also help dispel lingering misconceptions of Taylorism as conservative or anti-union.

Nooteboom (2002) is a major monograph on the concept of trust. It provides an excellent review of the literature on this topic and provides a clear and systematic analysis. Trust is defined and dissected, its economic role is outlined, and empirical work on the efficacy of trust is reviewed. This path-breaking book is essential reading for anyone interested in institutional economics, business economics, organisational sociology and corporate governance.

Disclaimer: The views in this column are those of Geoff Hodgson in his personal capacity, and not necessarily those of EAEPE or of any other organisation.

The Origins of Ecological Economics. The Bioeconomics of Georgescu-Roegen,

by Kozo Mayumi,

Routledge, London and New York, 2001, pp. xii + 161, £60.00

Kozo Mayumi's book comprises eight substantive chapters, each of which examine a different aspect of Georgescu Roegen's work. Mayumi's aim, which is not clearly stated in the introductory chapter, is to provide both an assessment and a development of the recently instituted discipline of bioeconomics. Further, the formulation of bioeconomics is then drawn upon, mainly by analogy, to address economics and social organisation. Bioeconomics, which is referred to in the book as a direction of inquiry originating in Georgescu Roegen's work, is presented as a new discipline combining "evolutionary biology, conventional economics and biophysical analysis" (p. 1). Chapters Two to Six investigate the origins of bioeconomics in Georgescu Roegen's career. These cover consumer choice theory, balanced sustained growth in the context of Leontief's models, entropy and information, entropy and resources conservation, and Sraffa's embodied energy analysis. There follow three chapters in which Mayumi develops bioeconomics by applying it to analysing the use of land, North-South trade, and hierarchy and sustainability. The book as a whole draws on a wealth of published papers and chapters from the period 1991 to 1999. This has one undesirable affect in that the book lacks a strong central coherence across its impressive range of chapters.

Georgescu-Roegen's work is much cited among behavioural and evolutionary economists. Mayumi provides a good deal of elaboration and assessment of this status. In Chapter 2, Mayumi reviews the debate between behavioural and neo-classical explanation of consumer choice, concluding that "Consumer choices are not based on a file cabinet of rational and consistent behavioural memories but are based on rules invoked on-the-spot for each situation," having argued that "individual preference for a particular item may vary considerably, depending on the context" (p. 12). We could go further and argue that the consumption experience is always referential upon, and inseparable from, context conceived as locations in space and time. There is considerable scope for extending such an approach to address the issue of valuing and paying for non-marketed environmental services, beyond Mayumi's critique of contingent valuation and into choice experiments.

Also of interest to behavioural and evolutionary economists will be Mayumi's discussion of entropy, both in respect of information (Chapter Four) and resource conservation (Chapter Five). In Chapter Four, Mayumi questions the alleged equivalence between negative entropy and information (p. 32). In Chapter Five, Mayumi classifies physical systems as open or closed, depending upon whether there are entropy flows due to exchanges of heat or matter with an environment (p. 46). Furthermore, he argues that systemic stability requires a positive difference between entropy outflow and entropy inflow, indicating a requirement for entropy disposal, and for a structure of interconnections in order that disposal can occur (p. 49). The steady state appears to be a precarious state. Whereas in closed systems, entropy will increase, accumulate and choke that system, open systems in steady state are by necessity enclosed within larger systems. Mayumi is quick to point out the consequences of such an understanding of entropy and steady state systems of organisms, in highlighting the requirements for dis-

posal of entropy. Modern agriculture and manufacturing are seen as producers of entropy at an accelerating rate, with energy and material transformations proving difficult to dispose of (p. 53).

Much of Mayumi's discussion is true to Georgescu-Roegen's definition of bioeconomics, as new and distinct discipline. The final three chapters of the book though reflect back upon economics. Mayumi presents a "hierarchical systems perspective on sustainability" (pp. 114-116), which will be of interest to social scientists in that it draws upon Simon's *Architecture of Complexity*. The comparison is made between ecosystems and human societies. This illustrates the extent to which Mayumi is working on the separate discipline of bioeconomics, and feels able to draw upon it to say something about organisation and societies. Hierarchy is – in part – a shared mental model among humans, although Mayumi points to the existence of organising principles separate from our models of these (p. 114). He points to the dual nature of the "holon", as a distinct system or sub-system with its own composition, and also of its role in being part of another, larger system. Indeed, the system, including social systems, draws from its history or initial conditions, and from its role in the wider system, to achieve stability. These two constraints are described as structural constraints (from lower levels) and functional constraints (from higher levels) (p. 115). Later, and in developing an explanation of society from an understanding of ecosystems in bioeconomics, Mayumi draws an analogy between species and labour positions or roles (p. 121). Where "The rate and pattern of primary production in ecosystems are controlled not only by the activity of primary producers, but also by the activity of consumers and decomposers", so more production requires more consumption (*ibid.*). Of course, humans can adopt the roles of consumers and producers.

Finally, and again drawing an analogy from ecosystems, Mayumi is able to produce an understanding of the economics notions of short and long runs by also implicating Simon's notions of hierarchy and complexity. Hence, efficiency is to do with short time scales and the regulation of the interface between lower levels and the focal level by assuming fixed boundary conditions. However, adaptability is to do with regulating the interface of the focal level and the higher-level interface by assuming a given history of a system (p. 122).

In summary, the strength of Mayumi's occasionally fractured (and sometimes implicit) argument is to formulate, often in a technical manner, an explanation of entropy that can then be brought into economics in both policy and abstract or systemic analyses. He provides a critical overview of Georgescu-Roegen's work, which becomes more accessible in development and application to familiar economic issues, mainly through analogy.

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Linked: The New Science of Networks. Albert-László Barabási. Perseus Publishing: Cambridge Mass. 2002.

Networks are everywhere. From economic development to social theory, "network theory" is evoked as the way of understanding action and change. Yet, in much of this literature, references to "networks" basically amount to a bunch of people working together who are "linked" to each other in some way – ignoring the many interesting insights from network theory. Trained as a physicist, the Hungarian born Albert-László Barabási has the perfect background to elucidate the deep properties of properties of networks in a simple and intuitive manner. Barabási's brilliant book offers an easy to understand introduction to some basic concepts underlying all networks. In a succinct and charmingly historical style, Barabási guides the reader through the complexities of the maths and intuitions underlying networks in a number of fields – from economics to biology to the Internet.

Barabási explains many of the widely known properties of networks which underlie the intuitions of those who evoke the "power" of networks – namely the "small world" property (that anyone can communicate with anyone else through a small number of links) and that "weak" or "bridging" links are very important in breaking out of small clusters and connecting into wider networks. Barabási also explains other universal properties of networks which are unbeknown to many. He describes the "power law" of network structures – namely that the number of links in a network are not distributed along a normal curve with a stable average, but follow a power law distribution where some nodes are very highly linked and a vast majority are thinly linked. While the maths of the power law are straightforward, he provides deep intuition by noting that such a distribution is due to growth and preferential attachment in the network. Following this logic, inequalities are inherent in network structures. In a growing network with preferential attachment, then some nodes get most of the attention (which Barabási sees as explaining the famous 80-20 rule – where 80% of the wealth or attention goes to 20% of the network. He also does a fair job describing the "tipping" nature of networks as described in books such as Malcolm Gladwell's *The Tipping Point* (to which Barabási makes reference).

More importantly to the evolutionary economist, Barabási makes very important allusions to the linkages between evolutionary dynamics and recent advances in chaos. The "selection" in network dynamics and tipping depends upon the "fitness" of certain nodes. Inheritance is a property of networks because no matter how big or small, there will always be communication – an unfortunate consequence for the transmission diseases such as AIDS. The scale-free nature of networks arises from the self-similarity – namely even if the network is reduced, it will possess the same structure. Despite some brief references, the evolution – network theory – chaos triad is much better explained in books such as *Competing on the Edge* by Brown and Eisenhardt.

Yet, Barabási's constant repetitions of the beguiling elegance of universal properties of networks demonstrates the positivist overzealousness of a physicist. In social theory, we know to be weary of "scientific universal principles". The

real world has a multiplicity of networks, such as business networks, family networks, and friendship networks. Networks are not homogenous entities – and neither are the "nodes" within them; there is a role for individual agency. Indeed, the rich dynamics of system evolution simply reduce, in Barabási's world, to a simple consideration of network laws and node fitness. While he *describes* networks, he fails to *explain* them. In the business world, for example, network organisation emerges, not from the call from a universal power law, but from the sometimes cheaper nature of networks compared with other forms of organisation. Yet, not everything organises itself as a network.

If one allows for network heterogeneity – with networks acting and interacting with each other – then he would need to discuss other important features of networks, such as network externalities or Metcalf's law (which itself is an exponential rather than a power law). Important features of networks such as compatibility, switching costs, the role of standards, and the role of "excess inertia" versus "excess momentum" as popularised in books such as Shapiro and Varian's *Information Rules* would also come to the fore. Even heterogeneity within networks, focusing on issues such as "power," "centrality," and "linkage strength" are almost completely ignored. The only real network heterogeneity appears in his presentation of the "geography" of the Internet.

More prosaically, the book's first half – which treats network theory – is more interesting and useful for the academic researcher than the second half – which discusses "applications" of network theory. Yet, a strong leitmotiv running through the second half of the book focuses on the fragility of networks in response to the events of September 11th – appearing to pander to current preoccupations with terrorist "networks". As for discussions of economic affairs, it is clear that Barabási is stronger in physical science than social sciences – explaining the 1997 East Asian economic collapse to "cascading failure" rather than addressing the underlying economic fundamentals or even proximate cases revolving around contagion and herding behaviour.

Despite these critiques, Barabási's book is nothing short of dazzling. Any economist, business person, or social scientist who wishes to get a "feel" for networks should read this book. With common sense and a critical mind, the new "science" of network offers much for explaining economic evolution and institutional behaviour.

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EVOLUTION AND PATH DEPENDENCE IN ECONOMIC IDEAS: PAST AND PRESENT

Edited by P. Garrouste and S. Ioannides, Cheltenham, E. Elgar, 2001

The modern world complicates perception, stimulates and provokes the intellect. This very fact entails an in-depth and multi-faceted acquisition of theoretical fundamentals created over the centuries. On the one hand, penetrating the doctrinal nuclei of the various theories establishes the prerequisites for different patterns of interpretation and emphasis in rationalizing the science of economics, and on the other hand it affords orientation and contributes to assuming a stance in the conceptualization process.

Evolution and Path Dependence in Economic Ideas edited by Pierre Garrouste and Stavros Ioannides constitutes a fine attempt along these lines. The book features materials from the EAEPE International Conference held in Athens in November 1997. The selected articles mould the book's eleven chapters. Each chapter is devoted to one particular issue related to economic theories, to the evolution of established concepts in economic cognition, to concrete economic matter. To a great extent, this diversity of problems determines the heuristic value of the monograph, yet what deserves consideration above all else is the unifying link and conceptual focus in the monograph, namely the thesis about path dependence in economic cognition, interpreting the evolutionism in it, and defining the significance of "evolutionary economics" in economic prosperity.

The concrete problems and issues dealt with in the separate chapters of the book are presented in a way that provokes and arouses discussion. This fact alone deserves praise since it lends a richness to cognition and sets the prerequisites for building adequate patterns and making optimal decisions.

In Chapter 1, P. Garrouste and S. Ioannides introduce the main thesis linking the articles in the monograph and make an overview of the volume. The assertion is being made that no state can be described without analyzing the process leading to it, which is why economic phenomena should be viewed as "effects of path dependent process" p. 2.

In Chapter 2, Paul David argues that path dependence is the principal concept which should underlie the theoretical framework formulation through which the historic nature of economics will stand out.

Chapter 3 is extremely provocative. In it, Philippe Dulbecco and Veronique Dutraive plead for dialogue between the Austrian and Institutional Schools. The two authors are of the opinion that such dialogue would prove fruitful regardless of methodological differences. The concept of irreversibility of economic processes and their dynamic representation defines institutions and institutional determination as a pivotal issue closely linked with the activity of economic agents.

Francisco Louca in chapter 4 is an interesting reading of Shumpeter's message about the cyclic recurrence in modern aspects of economic dynamics.

In Chapter 5, Philippe Broda presents Veblen's and Commons' views on private property. The author makes an in-depth analysis of the differences in conceptual terms between the two institutionalists, yet places ultimate emphasis on the historical explanation for the origination of institutions as a dominant factor, thus arriving at a topical thesis about the interdependence between law and economics.

John Foster in chapter 6 is an outstanding example of the role of economic philosophy in analyzing fundamental economic issues. The study focuses on the biological concept of natural selection and on the importance of the biological factor in researching the diverse modes of human behavior whose bearers are economic agents in the process of competition. Foster's critical attitude is purposeful and justified as he reaches the idea that based on the actions of economic agents (firms included) and in a specific context this competitive selection of biological type is not the main driving force of economic development but only a "boundary phenomenon".

In Chapter 7, Richard Arena and Sandye Gloria-Palermo theorize about the evolutionist message of the Austrian tradition centering their study on Menger, Wieser and Shumpeter. They deduce and advance the thesis that continuity derives from tracing the origins of institutions in the presence of two fundamental social groups: innovators and imitators.

In Chapter 8, Margherita Turvani presents an original view on The Theory of the Growth of the Firm (Penrose). Channeling her analysis into a concrete frame of interpretation, Turvani succeeds in offering an original reading of Edith Penrose's ideas while emphasizing the role of the services generated in the conditions of adequate provision of resources and above all under good management: an up-to-date thesis of current significance, which establishes the firm as an active agent in a changing world.

Looking at growth as a form of innovation, Turvani observes an essential element of the so-proposed conceptual framework, namely the development of individual and collective knowledge and the challenges inherent therein.

In Chapter 9, Benedicte Berthe and Michael Renault theorize about the meaning of individual effort and put forward a new mode of conceptualization including sociological and other factors, which lend a richness to effort-supply models and enable them to transcend their mechanistic frame. This new conceptualization takes into consideration certain old institutional principles, but is nonetheless provocative and noteworthy.

In Chapter 10, Albert Jolink and Jack Vromen ascribe centrality to the problem of Path Dependence in Scientific Evolution. The reader is provoked into rationalizing scientific evolution within the framework of the path dependence process. In this sense, the transition to new paradigms should not be presented mechanistically as "a series of revolutions", but rather take into account the influence of the historical factor with regard to the various possibilities in this type of transition. What is essential is the institutional context in which historical factors manifest themselves.

The final chapter is devoted to reflections on the progress of heterodoxy in economics. A. W. Coats' original idea sees this process as the result of changes, or of "combinations and/or convergence between the two" (heterodoxy and orthodoxy) (p. 231). As proof of his assertion, Coats adduces the so-called New Institutional Economics.

In the context of tracing the "co-evolution" of the Old and the New Institutional Economics a notable idea is the interdisciplinary nature of economic analysis as a tendency establishing itself in the modern world irrespective of whether it is readily and unreservedly accepted or not.

The book constitutes a good attempt at presenting the theses on a variety of problems centered round the idea that economic phenomena should be examined and considered as "effects of path dependent process". Viewed from this perspective, the book provokes and generates interest. Conceptual diversity, however, always arouses controversy, especially when it comes to complicated issues within the sphere of economic theory and economic philosophy. It may be justified to claim that some of the problems in the book should receive a broader presentation and a multi-layer treatment. Still, a critical stance such as the above should not be interpreted as intervening with the authors' position and attitude.

By and large, the editors have made a very good selection and in terms of structure and, above all, conceptual content the book is recommended.

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Michael Sandberg (1999) *Environmental Aid, Polish Innovation and Evolutionary Political Economics*, Routledge, London, 221 Pages

The author tries to realise two efforts within his book.

- First, he intends to formulate an interdisciplinary approach to innovation based on the national innovation systems approach and the political science of Deutsch.
- Second, he takes the empirical case of environmental aid in Poland to describe the way to a "greener post-communism".

In chapter 1 Sandberg uses concepts of the national innovation systems approach and Deutsch's theory of nations as learning systems (1963) as a bridge to a 'political economics of innovation' from the institutional and evolutionary economics, and some of their analogies in biology. He discusses the focus of institutional and evolutionary economics on learning and intentionality at an organisational level and calls for a rebuttal from a political science perspective.

Sandberg argues that a more political approach to the economics of innovation implies a focus on national systems and institution level learning and intentionality. Intentionality in market economies, it is argued, is Darwinian rather than Lamarckian, and artificial rather than natural.

Furthermore he describes how the proposed link between learning and evolution makes possible an innovation trajectory leading into evolutionary innovation paths. This according to Sandberg "directly leads us into the cybernetics of Deutsch (1963)" which proposes degrees of systems viability in terms of learning capacity, and systems steering along systems paths.

Finally, the chapter discusses how creative and evolutionary innovation can be detected in the actual trajectories of technologies introduced into national systems. He bases his arguments on Matthews' (1984) argument on how to distinguish between (Lamarckian) optimised and Darwinian innovation, as well as phases in innovation trajectories.

Seen from the evolutionary political science point of view, he argues that post-Communist transformation needs to change from an optimised to an evolutionary mode of innovation. This institutional path shift, he goes on, required for a post-Communist transition into market economies, has to allow for competitive selection among economic agents and their innovations under adequate institutional constraints.

There is a perspective that he calls an 'evolutionary political economics of innovation', from which Polish post-Communist learning from environment aid can be understood as one test of the ways in which East and Central European innovation systems now evolve.

The rest of the book addresses these questions from an empirical point of view.

Chapter 2 focus first on Soviet benchmarks which in chapter

3 he uses as a basis for assessing the post-Communist Poland, as an institutional 'habitat' for environmental innovations and investments.

In chapter 4, the evidence from recipients of the first aid projects of environmental equipment are analysed to see how they produce new Polish or post-Communist 'green' innovation.

Chapter 5 is devoted to the scrutiny of the invading environmental aid projects in Poland - as an EST 'load' into the learning innovation system - and discusses how this aid has been 'domesticated' through policies and selection - i.e. produced systems 'responses' and 'rewards' in Deutsch terminology.

Chapter 6 sums up the previous chapters providing a good overview of the book for readers who are used to read journal papers.

There are two messages of the book for theory on innovation in my view. Sandberg discusses the role of intentionality of innovation systems and the selection in innovation systems which is quite relevant for policy making and he emphasises the role of learning on the institutional level which is in his view not covered by NIS literature.

The book intends to do this bridging between institutional and evolutionary economics on the one side and political science on the other side. It is quite challenging to this interdisciplinary task. In doing so the author has to add complexity to his writing leading to a metaphorical style, which can sometimes be more confusing than enlightening.

Environmental aid in Poland is taken as a case to demonstrate the theoretical arguments. I would have expected this experience to be used as empirical foundation of the theoretical part but I rather perceived it as a separate part of the book. This seems to be a common dilemma of many researchers who have to finance theoretical work by doing more applied research projects.

Literature:

Deutsch K. (1963): *The Nerves of Government: Models of Political Communication and Control*. London; Free Press
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Capitalism in Evolution (ed. by G. Hodgson, M. Itoh and N. Yokokawa)

Cheltenham, UK, Northampton, MA USA: Edward Elgar, 2000

The book contains eleven chapters first published in Japanese by Keizi Seminar, Tokyo. The editors' introduction is targeted on the so-called "pure capitalism" a concept developed in the Marxian tradition as a core, quintessence of the capitalist economy stripped out from of the national, local or temporal features; a concept which could be found implicitly in the mainstream economics as well. Challenging its validity the authors emphasise the essential permanent existence of the various impurities in the economies, which are in the base of the distinct non-convergent capitalistic models. The Japanese economy is taken and discussed extensively as an important example of such distinct capitalist economy.

Chapter 2 by Bowels and Ginits reconsiders the understanding that there are no power involving relations in the process of exchange if the markets are operating in competitive equilibrium. By relaxing the assumption of the neoclassical general equilibrium model for existence of costless third-party enforcement authors find out that "private enforcement is ubiquitous particularly in labor and capital markets", thus concluding that the development of the capitalism may increase the importance of the distribution of the economic power through a certain form of egalitarian economic policy.

Yoshinori Shiosawa defends in the Chapter 3 the so called continuous economic history underlining that the complex character of the economics does not allow to distinct clear boundaries in the economic development. He suggests that the attempts to study and understand the economic history as stage-based changes are "forced simplifications".

In the next chapter, Kiichiro Yagi defends the possibility for institutionalization of coordination – market and political, to induce economic development, through the combination of loyalty and voice. Seeing the postwar Japanese economy as a such example he concludes, that the evolutionary process "is not solely a spontaneous development on the market but also a political solution".

Chapter 5 launches the second part of the book, devoted to the varieties of capitalism. In it Geoffrey Hodgson gathers a broad spectrum of arguments from Veblen's critique of Marx, the historical development of the Japanese capitalism and recent literature on the post-communist evolution of the East-European markets to develop his principle of "necessary impurities" as he calls it. Briefly, his idea is that no socio-economic system could function if it does not include even one "structurally dissimilar subsystem". While the logic of existence of such principle (it is not too far away from the statement that market economies are always mixed ones) is easily acceptable, it is not so apparent why Hodgson needs to oppose it to Marxian "pure capitalism". Even with the exaggerate statements for the capitalist family which Marx made, it is clear that his notion is, first of all, a theoretical instrument and it relates to the actual institutions like the chart of car engine relates to real cars.

In chapter 6 Ugo Pagano develops his concept of "organisational equilibria", a term which denotes his emphasis on the mutual reinforcement between the productive forces on one hand and property rights and institutions on the other hand. Given the large impact of the information technology over the rights on physical assets, his stress on the two directions of above causality allows him to draw our attention to the complementarity between the distribution of information and distribution of assets in a modern democratic society.

A challenging analysis is concentrated in chapter 7 by Robert Boyer. He identifies four different approaches for regulation throughout the market economies – American, Japanese, Scandinavian (with Austria and Germany to some extent) and the British. His general conclusion is that the historic development and different political processes shape and restrain the institutions. But the most powerful points seems to be his emphasis of the major uncertainty characterising the new millennium capitalism.

Part III of the book on global paths of capitalist development starts with the chapter by Robert Rowthorn. He studies a recent tendency in the international economic relations – growth in the trade within the regional trade blocs in North America, Europe and East Asia. Rowthorn emphasises the concentration of trade and investment even of the big transitional companies into those regional blocs and he finds that the process is likely to continue, resulting eventually in new forms of regional political cooperation.

Chapter 9 is focused on the evolution of Japanese capitalism. Makoto Noguchi attempts to outline the reasons for the prolonged weakness of Japanese economy. Among the vast number of reasons he emphasises the development of a new type mass production based on the extensive use of the global networks, particularly in the personal computer production. Outlining the impossibility of the 1990s Japanese economy to adopt itself towards those networks Noguchi suggests that this might be one direction for development of Japanese firms. The other direction he sees in the "harmonized compound of heterogeneous organizations".

In Chapter 10 Nobuharu Yokokawa builds the basics of an "intermediate theory" in the bureaucratic capitalism – an attempt at Marxian analysis of 20th century capitalism. The core of his system is occupied by the evolution of the monetary mechanism. The essence of his intermediate analysis is the study of the evolution of the bureaucratic capitalism into the 1980-90s transnational capitalism.

In the closing chapter of the book Makoto Itoh devotes his interest to the evolutionary spiral of capitalism focusing on the relationship between the globalization and neo-liberalism. Itoh attracts our attention to the attempts of the current neo-liberal tradition to switch part of the tax burden from the wealthy firms to the mass of working people together with the increasing part of educational and medical care costs. Further, Itoh asserts that the diversity of the modern capitalist economies will remain—there will be no convergence to a single market economy.

While, the general impression left by the book is that it is well conceived and targeted to challenge a lot of problems of evolving capitalism, it also leaves the feeling of not being strongly centred. Though, it strives to focus on the problem of the multiple modes of the capitalist economic system, existing simultaneously and independently from any general (pure) system core, it also includes chapters on more general theoretical problems like the involvement of power in the exchanges or the relations between the productive forces and productive relations. And the problems of the current Japanese capitalist model, seem to be the object of the presented analysis. Regardless of this slightly broader content the book provides challenging answers on many of the questions of the evolution of the capitalist economy.

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EAEPE Scientific Development Plan

The designated priority Research Areas for EAEPE are now as follows:

Research Area A:

On the Methodology of Economics

Coordinators: Andrea Salanti (University of Bergamo, Italy) and Uskali Mäki (Erasmus University, Rotterdam, The Netherlands)

Research Area B:

Complex Socio-Economic Systems

Coordinator: Jean-Louis Le Moigne (Université d'Aix-Marseille III, France)

Research Area C:

Institutional Change

Coordinator: vacant)

Research Area D:

Innovation and Technological Change

Coordinator: Pier Paolo Saviotti (Université Pierre Mendès-France, France) (Vacant after November 2001)

Research Area E:

Theory of the Firm

Coordinators: Mie Augier (Stanford University & Copenhagen Business School)) and Thorbjorn Knudsen (University of Odense, Denmark)

Research Area F:

Environment-Economy Interactions

Coordinators: Alessandro Vercelli and Maurizio Franzini (University of Siena, Italy)

Research Area G:

Macroeconomic Regulation and Institutions

Coordinator: Pascal Petit (CEPREMAP, Paris, France) and John Grahl (Business School, London, United Kingdom)

Research Area I:

Structural and Institutional Change in Eastern Europe

Coordinator: Maria Lissowska (Warsaw School of Economics, Poland)

Research Area J:

Monetary Economics, Finance and Financial Institutions

Coordinator: Peter Howells (University of East London, United Kingdom)

Research Area K:

Gender and Economics

Coordinators: Francesca Bettio (University of Siena, Italy) and Janneke Plantinga (University of Utrecht, The Netherlands)

Research Area M:

Cultural Economics

Coordinators: Wilfred Dolfsma (Erasmus University) and Arjo Klamer (Erasmus University, Rotterdam, the Netherlands)

Research Area N:

Need, Value and Pricing

Coordinator: Alan Freeman (University of Greenwich, United Kingdom) and Hardi Hanappi (University of Technology, Vienna, Austria)

Research Area O:

Economy, Society and Territory

Coordinator: Frank Moulaert (University of Lille, France)

Research Area P:

Economic History

Coordinator: Ioanna Minoglou (University of Athens, Greece)

Research Area S:

Theory of Production

Coordinators: Neri Salvadori (University of Pisa, Italy) and Heinz Kurz (University of Graz, Austria)

Research Area T:

Institutional History of Economics

Coordinator: Esther Mirjam-Sent (University of Notre Dame, USA)

Research Area U:

Local Economic Development

Coordinator: Antonio Calafati (University of Ancona, Italy).

Research Areas

EAEPE Research Area J

Monetary economics, finance and financial institutions (MEFFI)

The MEFFI group organised a very successful session at the 2002 conference in Aix en Provence. The theme was 'Central Banks and Financial Markets'. The same group plans to hold at least one session and maybe more at the 2003 Conference in Maastricht. With this, and other future developments, in view the organisers are keen to ensure that their invitations to join in the research programme reach the widest audience.

The co-ordinator, Prof. Peter Howells (University of East London) is compiling a list of colleagues interested in the monetary and financial economics area. If you may wish to participate in collaborative research in this rapidly changing field, to offer a paper in the MEFFI special session at a future EAEPE conference, or merely wish to be informed about the activities being organised under the EAEPE umbrella, please send your email address to p.g.a.howells@uel.ac.uk

Research Area I

Structural and Institutional Change in Eastern Europe

On EAEPE 2002 Conference on Complexity and the Economic Policy

The topics covered by the Research Area I have been discussed during the sessions 601 – 604. The participants of those sessions have been coming from: Russia, Latvia, France, Poland, Yugoslavia, Bulgaria, Portugal, Sweden and Germany. They underlined particular complexity and policy issues specific for the countries in different stages of transition.

B. Chavance pointed out that transition doctrine has significantly evolved from the beginning of the 1990s, when neo-classical view of rapid convergence and direct way to market economy prevailed. In the second half of the 1990s, the doctrine has been qualified to allow for some role for the state, and to take into account the role of institutions in general. This approach is currently is applied in the practice of the World Bank and in the recent writings of J. Stiglitz.

Numerous authors have treated the challenge of discontinuities to evolutionary and institutional theories. According to B. Chavance the "revolutionary" dimension of transformation, about top-down change of formal rules and its consequences, has been partly neglected by evolutionary theories that have mainly stressed legacies and path-dependence. The unpredicted consequences of application of the models

borrowed from developed market economies have been the subject of the study of U. Berkis in the field of the organisation for the health care system in Latvia. The "crises of formalism" as recurrent rejections of different theories confronted with their deceiving performance in Russian economy have been discussed by V. Antonomov.

D. Ialnazov has studied a very particular case of externally imposed framework for transition. He argued that the introduction of the currency board imposed by the IMF on Bulgaria and the prospects of accession to the European Union had a beneficial effect on the path of transition. It's outcome has been both reducing the discretionary power of the government and rising tolerance of the society to the radical reform. The informal institutional changes have been found insufficient to support the necessary overall changes.

The conflict between historical and newly introduced values have been analysed as related to private property by M. Lissowska underlining the issues of re-privatisation, of social justice and of fair price in privatisation. Presiding the session W. Elsner oriented the discussion on the subject towards the analytical framework of the technology-institutions-dichotomy, the institutional dichotomy and the theory of institutional change and ceremonial encapsulation. He underlined that the 'neo-liberal' values and behavioural structures might well be in sharp contrast with the societal knowledge fund as well as the historically developed instrumental dimensions of the social institutional structures of the societies that are currently experiencing a sharp system transformation.

Different articles studied the aspects of path dependency and cumulative causation. The importance of new formal rules (acquisition of private property) creating new interest groups has been the subject of M. Lissowska. The role of different interest groups (including the mafia) and organisational configuration have been underlined by V. Avtonomov and U. Berkis, the role of legislation and of the policy of the states – by B. Chavance.

S. Golubovic and N. Golubovic presented a very interesting case of divergence of the national path on the economy of Yugoslavia. Over the last decade this economy have been experiencing sharp decline together with systemic and territorial disintegration (up to the absence of common currency). The result of the absence of reforms and dominance of the political factor has been retrograde institutional moves: to traditional socialist, centralised system. Some authors treated more specific problems. That of G.P. Litvintseva was on the interaction between technological relations and institutional arrangements. She pointed out numerous features of unproductively of the Russian economy: unprofitability of a great part of the industry, income-redistributing and cost-multiplying inflation. In particular, profitability of the exporting sector is assured due to redistribution of the value added at the expense of inward-oriented industries, which in turn are obliged to rise their prices. The author claims the impossibility of establishing a system of equilibrium prices and necessity of

(Continued on page 16)

(Continued from page 15)

special institutional arrangements combining market and non-market institutions.

The topic of C.Matos has been "informalisation" of employment practices in transition countries, ranging from truly illegal practices in small business sector to generalisation of the formulas of short term contracts and rising of the part of unstable wage in the public. She studied the proliferation of those formulas as a reaction to rigid labour laws and enabled by unemployment and weakening of the unions.

The discussion on all the topics mentioned above proved that transition and post-transition are and probably will stay (due to cumulative path-dependency effects) a particular subject of analysis for the evolutionary and institutional economy. Several problems (such as the position and consequences of externally imposed "revolutionary" changes) present a real challenge for evolutionary research. Others – such as the manner informal institutions are

developing, the social values are changing and the interest groups are shaping – are particularly attractive by their intensity and discontinuous environment in which they are taking place. Up to now, research and in particular field studies on those subjects are scarce. The other topics of interest are governance and co-operation practices formation and proliferation in transition economies. The relevance of the vividly discussed paper of K.Nielsen on the issue of social capital in another section is to be highlighted as well.

The field of research on Structural and Institutional Change in Eastern Europe (Research Area I) is still weakly researched. Thus all those willing to exchange their views and information and finally, collaborate on the topics concerning different economies are invited to contact Maria Lissowska (lisso@sgh.waw.pl) as the Research Area co-ordinator. Please consult as well the web page of EAEPE for further information.

ICAPE

EAEPE is affiliated to The International Confederation of Associations for Pluralism in Economics [ICAPE] an organisation which carries invaluable information about organisations, conferences, journals, etc.

ICAPE's Statement of Purpose: There presently exists a number of societies and associations of economists and other social scientists, all of which are united by their concern about the theoretical and practical limitations of neoclassical economics. In addition, they share the conviction that the current dominance of the subject by mainstream economics threatens academic freedom and is contrary to the norm of methodological pluralism. Furthermore, this dominance is highly detrimental to scientific creativity and debate, and to the development of realistic, innovative, and useful economic analysis and relevant policies.

There is a need for greater diversity in theory and method in economic science. A new spirit of pluralism will foster a more critical and constructive conversation among practitioners of different approaches. Such pluralism will strengthen standards of scientific inquiry in the crucible of competitive exchange. The new pluralism should be reflected in scientific debate, in scholarly conferences, in professional journals, and in the training and hiring of economists. and other studies of economic behavior.

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More information can be obtained from Roberta Mandl, Graduate Faculties and Research, (1) 816 235 1301 or Department of Economics, UMKC, 205 Haag Hall, 5100 Rockhill Road, Kansas City, Missouri, 64110-2499, USA.

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More information can be obtained at MERIT - UNU/INTECH PhD Programme, PO Box 616, 6200 MD, Maastricht, The Netherlands. Or check the institute's homepages at: <http://meritbbs.unimaas.nl> or at <http://www.intech.unu.edu>

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Erasmus University launched a PhD Programme in Philosophy and Economics in 1997. The Ph.D. programme exploits the expertise of specialists such as Uskali Mäki, Arjo Klamer, John Groenewegen and Jack Vromen at the Erasmus Institute of Philosophy and Economics.

The PhD programme consists of one year advanced course work and two years of research within the broad framework of the Erasmus Institute Research Programme 'Institutions'. A detailed description of the research programme is available upon request.

For information and application forms please contact:
Erasmus Institute of Philosophy and Economics, attn Loes van Dijk, Faculty of Philosophy, Erasmus University Rotterdam, Postbus 1738, 3000 DR Rotterdam, The Netherlands' fax.: (31) 10 212 0448.

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For more information, see our web site (<http://www.colostate.edu/Depts/Econ/index.html>) or contact Ron Stanfield, Coordinator of Graduate Studies or Ron Phillips, Chair. E-dresses: rstanfie@lamar.colostate.edu and rphilip@lamar.colostate.edu.

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Articles should be submitted in triplicate to Ann Newton, Faculty of Economics and Politics, University of Cambridge, Sidgwick Avenue, Cambridge CB3 9DD, UK.

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Papers accepted by the Programme Committee must be received by 31 June 2003. Papers should not exceed 8000 words – and, if author's wish, may be considered for inclusion in a special issue of the Cambridge Journal of Economics.

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